CALPEEK

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RECALL MADNESS: FIELD POLL HAS BUSTAMANTE AND SCHWARZENEGGER LEADING BY BIG MARGIN.

Editor's note: The new Field Poll has Lt. Gov. Cruz Bustamante (D) and actor Arnold Schwarzenegger(R) leading a field of 135 candidates. The survey was conducted Aug. 10-13 among 448 likely voters. For comparison, we've also listed a Survey USA Poll (493 likely voters, Aug. 11)...

	Field	Survey USA
Crus Bustamante(D)	25%	17%
Arnold Schwarzenegger(R)	22%	51%
Tom McClintock(R)	9%	5%
Bill Simon Jr.(R)	8%	6%
Peter Ueberroth(R)	5%	7%
Arianna Huffington(I)	4%	5%
Peter Camejo(G)	2%	-
Larry Flint(D)	1%	-
Others	5%	6%
None	5%	-
Undecided	14%	3%

RECALL MADNESS: CONSERVATIVES GO BALLISTIC OVER PROP. 13 COMMENTS BY ARNOLD'S ADVISOR.

Editor's note: When actor Arnold Schwarzenegger announced the appointment of fiscal guru Warren Buffett as his **chief economic advisor** (8/13) conservatives could already smell blood in the water. On Aug. 15th Buffett was quoted in the *Wall Street Journal* as saying Calif. home owners ***didn't pay enough property tax!!*** That statement has caused Schwarzenegger lots of political grief. Here is ***Calpeek's*** analysis & commentary...

...Conservatives have never been comfortable with Buffett because of his Demo Party links. And when he blasted the Bush tax cut plan, that sent some conservatives such as *Club for Growth*'s Steve Moore over the top. And when the Buffett quote surfaced, conservatives went ballistic. Even recall target Gray Davis was quick to defend Prop. 13...

...As some sources have pointed out, Buffett is no fool, and neither are Schwarzenegger's team of consultants. Was the Buffett/WSJ statement just Buffett going off on his own, or as some suggest, was Buffett's attack on Prop. 13 a trial balloon floated by the campaign? Schwarzenegger's campaign rushed out a news release reaffirming his support for Prop. 13. For those with short memories, Schwarzenegger was the keynote speaker at the 25th anniversary HJTA dinner. But some inside the Howard Jarvis Taxpayers Assn.(HJTA) are not sat-isfied and these HJTA members want Schwarzenegger to publicly fire Buffett from the campaign...

...All of the GOP recall candidates have blasted Arnold and Buffett. Bill Simon Jr., a very close HJTA ally, said, "It would be a tragedy if we elected a Republican governor who actually wiped out the only protection Californians have from higher taxes." Peter Ueberroth(R) said if property taxes were raised, it would send a crippling blow to the real estate industry. Tom McClintock's campaign echoed what some inside the HJTA urged: "We think maybe he (Schwarzenegger) needs to fire Warren." FYI: Simon's statewide radio ad says in part, "...and now Arnold Schwarzenegger's team wants to triple our property taxes." These are hard political shots which sources say are scoring...

...Unintended consequences. Buffett's ill-advised remarks about Prop. 13 has opened up a debate on the issue of **commerical reassessment of property of large publicly-held companies**. Under Prop. 13, buyers of commercial properties are supposed to have their land/buildings reassessed and pay taxes on the full value of the property when a change in ownership takes place. But the current system is full of loopholes and abuses which backers of Prop. 13 never intended. If the loopholes were closed, reassessing commercial property when it changes hands could raise more than ***$1-2 billion*** annually at the local level, which might free up an equal amount of general fund dollars, according to ***Calpeek*** sources...

...FYI: State Sen. Martha Escutia(D-LA) is the author of SB 17 which addresses the problem of commercial property tax loopholes. It is a bill which the HJTA has **not** taken a position on – meaning it does ***not*** oppose SB 17. In a June 30th *L.A. Times* story by Dan Morain, HJTA leader Jon Coupal is quoted as saying his group is neutral when it comes to commercial property taxes. Stay tuned...

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RECALL MADNESS: **UNDOING THE VLF ROLLBACK WON'T BE EASY, BUT IT'S A TOP CAMPAIGN ISSUE.**
Editor's note: When the current 2003-04 budget was finally approved by lawmakers and signed by Gov. Gray Davis(D), the only new source of revenue in the document was $4 billion from rolling back the **vehicle license fee**(VLF) to 1998 levels. Not a popular move and one that State Sen. Tom McClintock(R) thought he had all to himself – until Lt. Gov. Cruz Bustamante(D) stepped in. Here's our commentary and analysis…

…Some sources think the rolling back of the VLF (aka the **car tax**) to 1998 levels was the final straw as far as some voters were concerned. It pushed them over the top and they eagerly signed the recall petitions. Others don't buy that scenario, but there's little doubt that the VLF cuts were very popular. The Davis Admin. gets the blame for the rollback – even though the original legislation on Gov. Pete Wilson's watch called for a VLF rollback in case the State fell on fiscally tough times…

…McClintock has long recognized the popularity of the VLF cuts and if it were up to him, he'd eliminate the VLF completely. Not a totally wise move because the VLF is used by local government to repay bonds, other debts and a good hunk of VLF revenue pays for public safety. One would have a massive lawsuit from bondholders if the VLF were eliminated without any backup to repay bonds…

…But Bustamante and his campaign team also recognized the popularity of the VLF cuts – and as part of his own budget proposal, the Lt. Governor says he'd kill the new, higher VLF rates on the first $20,000 of a car's value. That means many Calif. car owners would end up paying a very minimal VFL fee. Owners of more expensive cars would get a break too. If a car is valued at $30,000, then the owner would deduct the $20,000 and pay on only $10,000. Bottomline: under the LG's plan, there will still be a VLF, but the price tag motorists would be much lower than what the DOF imposed…

…But how do you reverse the action taken by the Dept. of Finance(DOF)? To eliminate the VLF increases, even on a majority vote bill, requires that additional cuts in non-***Prop. 98*** spending be made to the 2003-04 budget. How does one free up $4 billion? GOP candidate Bill Simon Jr. gets it: 5-6% across the board cuts. Another idea: some Capitol insiders have talked about a "tax swap," but that has Prop. 98 problems…

…Another solution: a variation of a plan that AG Bill Lockyer(D) floated when he was a State senator. And it's a concept that puts the VLF back into local govt. hands – instead of the State. In other words, if the locals want it (and voters by a simple majority approve), then a ***1% VLF*** would be imposed by the locals. Under this idea, the State would pay an amount sufficient to cover bonds and other programs, thus no bondholder lawsuits. The cost: about $600 million per year. The DMV would collect the fee at the time of registration, but it would be clear that the fee was a local, not a state tax. Politically, this is workable because this plan amounts to a huge tax cut ($2-3 billiion). The only drawback: winning voter approval on a local VLF won't be all that easy. Stay tuned…

ENERGY & POLITICS: **THE POWER GRID MELTDOWN.**
Editor's note: The power grid meltdown last week which blacked out about 7-8 eastern and mid-western States for more than 24-hours was a wake up call to the U.S. government and to utility companies across the nation. And of course the big question is whether this same thing could happen in Calif., especially given our problems with power and deregulation the past few years. Here's our analysis…

…New Mexico Gov. Bill Richardson(D), the former DOE secretary in the Clinton Admin., called the grid system now in place "3rd world." But not everyone agrees and one ***Calpeek*** source had some sharp words for Richardson: "If it's a 3rd world grid, he was responsible for it just two short years ago." Whether or not the U.S. Congress does anything remains to be seen, but both the U.S. House and U.S. Senate have passed separate energy bills…

…Has there been a recent power grid failure in the Western U.S.? YES, back in 1996, but it didn't last long…

…But to the question, can a power grid problem happen in Calif. – the answer is YES, but at least State officials (the Calif. PUC, the CA Energy Commission and the Calif. Power Authority) know where the problem is and have already taken steps to fix it. When Calif. had its first major power crisis in 2000 and 2001, most of the problem had to do with lack of electricity. That doesn't seem to be a problem any longer, but there remains at least one grid problem in Calif. which is considered serious…

…In Central Calif., between Los Banos and Coalinga, there are 84-miles of transmission lines known as **Path 15**. The lines are owned by PG&E. At Path 15 there's a grid bottleneck – where 3 big power lines narrow down to just 2. Actual construction to upgrade Path 15 is due to start in the Fall and will be completed in 12 months. Sources say Gov.

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Gray Davis requested the CA PUC to give PG&E the OK to go ahead with construction…

…Question: Is Davis out of the woods on energy? Not completely. Even though Calif. has 38 new power plants (since 1999) and has renegotiated 33 of 46 long term energy contracts (saving utility ratepayers about $6.2 billion), Davis remains in the *political dog house* with voters over the 2000 energy crisis. In his 8/19 *please forgive me* speech, Davis finally admitted he was slow in reacting to the crisis. About time! Stay tuned…

CAMPAIGN 2004: **DEMO CLARK COULD ADD SOME EXCITEMENT TO A DULL PRESIDENTIAL PRIMARY.**
Editor's note: Sources are confident former NATO Commander and former 4-star Gen. Wesley Clark will announce shortly after Labor Day that he is indeed going to run for president as a Democrat. Clark's entry into the primary is somewhat late, but he's got the kind of charisma that could excite the Demo base. Here's our update & analysis…

…Sources at the Draft Wesley Clark Committee are very upbeat about their efforts thus far. Via the internet, this group has raised $619,278 and has been on tv with one :60-sec. tv ad (produced by Bud Jackson in association with the committee). The ad is running in Iowa, New Hampshire and Clark's home state of Arkansas; and sources say 2 more ads in the works. (www.draftwesleyclark.com)...

…And Clark is now beginning to show up in the newest polling in New Hampshire. In a *Boston Herald* poll (402 likely voters, July 22-24, by RKM Research), Clark has 3%, ahead of U.S. Senators Edwards and Graham, and in front of Carol Mosley Braun, Al Sharpton and U.S. Rep. Dennis Kucinich. In this poll, former VT Gov. Howard Dean leads with 28%, followed by U.S. Sen. John Kerry at 25%. U.S. Sen. Joe Lieberman is in 3rd with 11% and U.S. Rep. Dick Gephardt is in 4th with 9%. Gen. Clark is in 5th place. The *New Hampshire Poll* (taken by American Research Group, July 21-24, 600 registered Demos) has Clark tied for 5th with Edwards and Graham – all at 2%. In this poll, Kerry leads Dean by a 25% to 19% margin…

…Some think all the recent Clark activity is designed to put him in a great position to be VP. One source told ***Calpeek***, "Wes Clark wants to be on the ticket – and he's making a good case for himself."…

…Why the solid, but yet low numbers? Clark is getting lots of free tv exposure. The week of Aug. 18th he was on CNN at least 3 times (including *Late Edition With Wolf Blitzer*), GMA and *Scarborough Country* on MSNBC. And for those who may have forgotten, prior to and during the War with Iraq, Clark was a CNN military analyst…

…Clark was NATO commander in the late 1990s and saved the Balkans (Kosovo) from Milosevic and the Serbs in 1999 with an air campaign, despite opposition to the use of force from within the Pentagon. And while Clark has never held elective office, neither did Dwight Eisenhower. Stay tuned…

CAMPAIGN 2004: **UPDATE ON LEGISLATIVE RACES.**
Editor's note: Here is ***Part XVIII*** in our continuing series of updates about key U.S. House and Calif. Legislative primary races…

☒ ***18th AD*** – Former BOE Member Johan Klehs is the only Demo in this primary, running for this open seat now represented by *termed out* Ellen Corbett(D). Klehs has raised about $229,000 and has $214,000 cash on hand. Among his endorsements are AG Bill Lockyer, State Tres. Phil Angelides, U.S. Reps. Pete Stark and Barbara Lee; State Senators Liz Figueroa; Don Perata; and Tom Torlakson. Klehs is currently teaching at UC Berkeley, but from 1994-2002 he was on the Board of Equalization. He also served in the Assembly from 1982-94. The 18th AD takes in the cities of Dublin, Hayward, San Leandro, San Lorenzo, parts of Castro Valley, Oakland, Pleasanton and Sunol. Klehs has hired Staton-Hughes as his campaign consultant…

☒ ***1st SD*** – GOP Assembly Leader Dave Cox(R-Fair Oaks) has announced that he will run for State Sen. Rico Oller's 1st SD seat in 2004. Oller has announced that he will give up his safe 1st SD seat to run for U.S. Rep. Doug Ose's seat. Ose is retiring. Cox's endorsements include Ose and Oller + most legislative GOPers. Cox has reported over $200,000 in his Senate campaign account. He has hired Jim Nygren as his lead consultant…

☒ ***13th SD Update*** – In the Demo primary fight for the open 13th SD, former Assemblywoman Elaine Alquist raised $122,385, with $284,160 coh. Current San Jose Demo Assemblyman Manny Diaz raised $307,558 and has $224,019 coh…

☒ ***73rd AD Update*** – In this 3-way GOP primary war between Orange Co. Sup. Tom Wilson, Mimi Walters and Jim Gibson, Walters is the fundraising leader with $247,474 raised/$204,015 coh. Wilson, who was late getting in the race, raised $135,000, with $132,000 coh. Gibson has raised $122,198 with $106,321 coh. Gibson's team includes lead consultant Joe Justin; daily cmp. mgr.

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Patrick Batten (he was Pat Bates' former district director); Jim Sills will do op research; and Mahoney Strimple will do the polling. FYI: the reports show that Walters has loaned her campaign $100,000, while Gibson has loaned his campaign more than $106,000…

CALPEEK'S CALENDAR OF POLITICAL EVENTS	
Sept. 1	Labor Day.
Sept. 7-10	League of CA Cities annual conf., Sacramento.
Sept. 12	CA Legislature adjourns.
Sept. 12-14	CA Republican Party fall convention, LAX Marriott Hotel.
Oct. 2-4	AAPC Academic Conf., Akron, OH
Oct. 7	Special Recall Election – Calif.
Oct. 14	S.F. Mayor's debate.
Nov. 4	S.F. Muni Election + other cities

DOG DAYS OF SUMMER: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting…

■ ***Calif. Labor & The Recall*** – The executive council of the Calif. Labor Federation(AFL-CIO) will hold a special convention Aug. 26, beginning at 10 a.m. at the Manhattan Beach Marriott Hotel to make endorsements for the upcoming Oct. 7th recall election. It's a given that the executive committee will vote NO on the recall, but it is unclear if organized labor will endorse the candidacy of Demo Lt. Gov. Cruz Bustamante. Some labor groups have in fact already endorsed NO on recall/YES on Bustamante: CA Assn. of Highway Patrolmen; CA State Employees Assn; and the CA Conference of Carpenters (no longer affiliated with the AFL-CIO). And also backing Bustamante is Demo Controller Steve Westly. On Question #2, backing a replacement candidate (Bustamante), the CA Demo Party has only taken a stand on the recall. The CDP's chair, Art Torres, says the party will take a look at Question #2 post Aug. 26 – assuming labor endorses Bustamante. It is unclear at this point whether the by-laws allow the CDP to endorse Bustamante. But it wouldn't be difficult to change the rules…

■ ***Support for Prop. 54 Dropping*** – According to the new Field Poll (among likely voters), YES on 54 has dropped from 50% in July to ***46%*** in August. And the NO on 54 numbers have edged up: 29% in July to ***35%*** in August. FYI: Demo presidential candidate Howard Dean has come out NO on 54, saying in part, "The proposed law, which purports to make Calif. colorblind, would just make the State blind." Prop. 54 is known as the Racial Privacy Initiative(RPI) and is sponsored by Ward Connerly…

■ ***Campaign Schools*** – There are at least 3 such schools (some call them seminars): ***Sept. 6*** – the Calif. Latino Voter Guide will sponsor a school from 8 a.m. to 5 p.m., Double Tree Hotel in Rosemead. Deadline for enrollment is Sept. 1st. For info call Victor Griego (323)349-0661 or Paul Fickas (831)261-7128. ***Sept. 19-20*** – Political Training Seminar, Renaissance Hotel at LAX. Contact is Alan Locke (703)534-5645 or email at allocke@aol.com. ***Oct. 25-26*** – "An Inside Look at Running Political Campaigns: From Public Relations to Fund Raising," on the UCLA campus. Contact: Jill Barad at (818)990-4002…

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook…

● Gov. Davis has appointed businessman Dan Weinstein and CSU-Chico Professor Dr. Kathleen Kaiser to the CSU Board of Trustees…

● Edward J. Casey, managing partner of L.A. based Weston, Benshoof, Rochefort et al LLP, is the new president of the Los Angeles Headquarters Assn…

● Renita Lloyd-Smith has joined The Simon Group in Culver City. The firm does political reporting and treasury work. (310)215-1054…

● Fleishman-Hillard's Sacto office has hired Deborah Pacyna as a vp. She was Lt. Gov. Bustamante's communications director…

● Joan Wilson, the State lottery commissioner from July 2000 to July 2003, has a new job as Deputy Sec. of So. Calif. operations for the BT&H Agency. (213) 897-2154…

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